

*8 C/S**CC:*

Mr. Daniel Childs
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Dan:

The proposed reduction of [redacted] million in our FY 1978 Budget Request 25X1 would further impair our effort to stretch our funds to meet the critical intelligence needs. CIA has undergone real losses of purchasing power in recent years as we highlighted in our testimony before the Committee. This year's budget has a small increase of less than two percent, which would be virtually wiped out by your recommended cuts. True programmatic increases in our budget are for only the highest priorities if we are to avoid becoming "dead in the water" in our intelligence collection and analysis effort. The processing capability for exploitation of collected data, for example, is absolutely critical if we are to cope with all source intelligence.

It is natural that CIA has faced bleak budget prospects during the recent era of accusations and investigations. I believe that we have demonstrated our integrity and our worth to the Congress, and most especially to the SSCI. If so, we must have the SSCI support in carrying out needed programs. We have presented a lean budget. We need full appropriation of the requested funds if we are to do our job adequately.

Enclosed are comments with regard to your specific recommended reductions.

Sincerely,

[Signature]
E. H. Knoche
Deputy Director

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Enclosure

Orig - Addressee 1 - DDCI 1 - ER 1 - OLC 1 - Compt.
1 - Asst. Compt./Resources 1 - Ea. Compt. Group (DCI-DDI/DDA/DDO/DDS&T)
1 - Compt. Subj. File 1 - Compt. Reading File 1 - BMG Chrono
O/Compt./BMG [redacted] 8 April 77

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The productivity of 70 employees who access these systems full time and the timeliness of their response to customers throughout the DDO and the Intelligence Community would be affected adversely.

DDO projects entering development would be delayed. COMET Phase II, an on-line document analysis of Cable Dissemination System Traffic, and COMET Phase III, a retrieval of CDS traffic on CRT terminals in component offices are examples.

In addition, the community-wide CAMS will be confined to a hardware configuration that is presently experiencing difficulty in servicing peak loads. CAMS is supporting three collection systems. Response time to the approximately 200 users on 42 terminals at DIA, NSA, NPIC, Army, Navy, Air Force, State and CIA is now poor with the system running at an average of 80 percent of capacity. This response time would approach an unacceptable level of service without the planned replacement of the 360/65. During peak periods CAMS support to Community management, such as the daily DIA brief to the JCS, would be inadequate and unacceptable.

CAMS is an operational system with required availability of 24 hours per day, 7 days per week. Currently, this availability is achieved through sharing of the second STAR 370/158 during serious system failure or for extensive preventative maintenance. Deferral of the now planned 370/168 and the resultant non-availability of the STAR 370/158 for CAMS would force examination of other alternatives for replacing the 360/65. And funding for alternatives would not be available in FY 1978.

In summary, the impact of deferring the 370/168 (to FY 1979 or later) would be to:

- o increase user response time on the STAR and the CAMS systems during peak periods to approach an unacceptable level of user service
- o increase user turnaround time for DDO and CAMS batch processing
- o delay the development of DDO applications
- o increase batch processing requirements for the ODP General Center
- o force alternative approaches to replace the CAMS 360/65

Approximately 270 Agency and other Intelligence Community users of the STAR system, other DDO systems, and CAMS would be affected.

SLOW DOWN DEVELOPMENT OF THE SAFE PROJECT

In FY 1978 the principal contractor for SAFE development will be selected and development will be initiated. The site preparation will be initiated in FY 1978 based on system designs developed and preliminary site work completed in FY 1977.

25X1 A reduction below the [] million level in FY 1978 will jeopardize the system design analysis because less contractor manpower will be available in the initial period for the analysis effort. It should be noted that the [] million level for FY 1978 has already been reduced from [] million by OMB, and the entire program reduced from [] million to [] million at the direction of Congress. There is substantial danger that this continued replanning will sooner or later produce a defective plan wherein some vital capability will be omitted. Also, further reductions in planned funding levels could make it extremely difficult, if not impossible, to complete the Project within the [] million ceiling established by the Congress.

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